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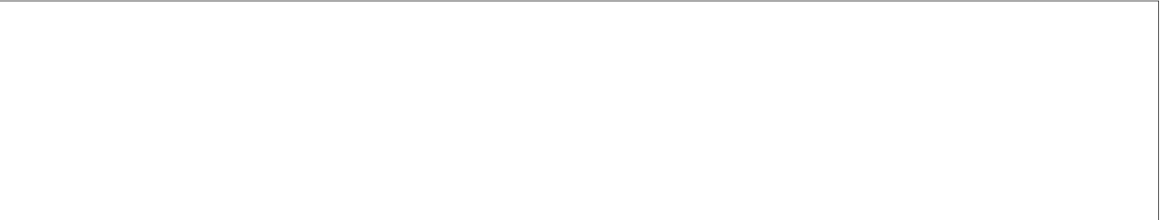


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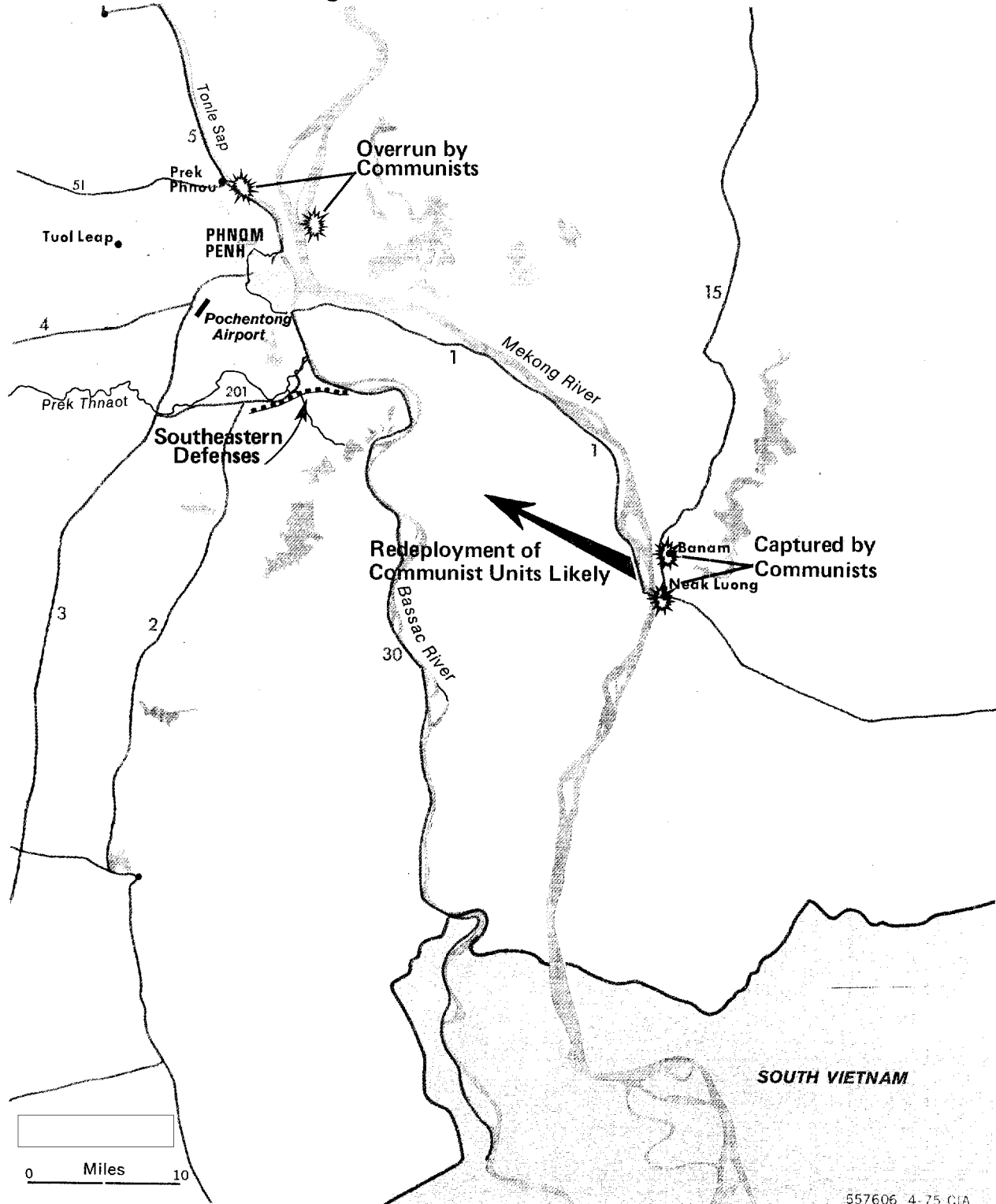
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CAMBODIA

With the capture of Banam and Neak Luong, the Khmer communists now are expected to shift an estimated 4,000 to 5,000 troops against Phnom Penh's southern defenses within a week. Understrength government units defending this sector could not contain attacks by such a force.

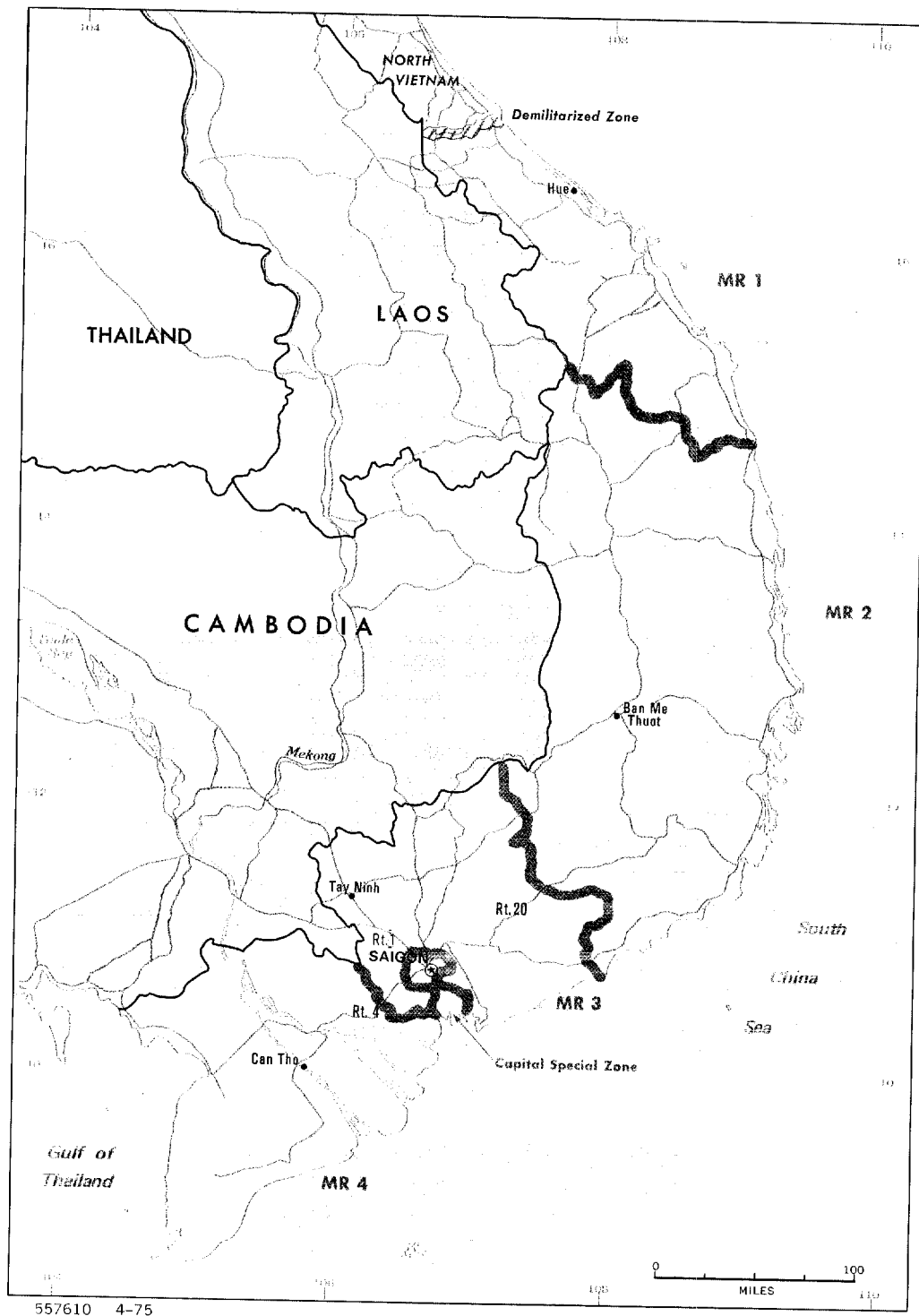
West of the capital, the communists are continuing to fire 107-mm. rockets at Pochentong Airport. They resumed artillery attacks yesterday, and four 105-mm. howitzer rounds landed on or near the airfield. Although there has been no interruption of the airlift operations, a DC-8 reportedly was hit by machine gun fire west of Pochentong while landing.

Defenses northeast of Phnom Penh have been weakened because units have been withdrawn to reinforce the northwestern sector. Communist forces overran a government position on the east bank of the Mekong on Tuesday.

Farther north, government troops withdrew from a position on the east bank of the Tonle Sap. Defenders in this area are becoming increasingly vulnerable to numerically superior insurgent forces.

The defenders of Phnom Penh have been severely tested, and their resolve to continue fighting apparently is waning. The Cambodian army units there can do little more than react to communist initiatives, while suffering territorial losses and eroding defenses. This trend is not expected to change.

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SOUTH VIETNAM

North Vietnam is continuing to send manpower to the South, both to consolidate its hold over the northern two thirds of South Vietnam and to augment its forces around Saigon. The North Vietnamese are maintaining a moderately heavy rate of infiltration--more than 1,000 men per day and far more than are needed to replace moderate losses.

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Details on recent developments in northern South Vietnam are trickling south, despite the government's jamming of communist broadcasts and its efforts to prevent the refugees from reaching major cities like Saigon and Can Tho. The panic that contributed so much to the collapse in the north has not yet seized the troops in military regions 3 and 4. For the time being, the government still enjoys an edge in numbers of troops and in firepower, and, while regional commanders are worried, they are trying to gird their forces near Saigon for a stand.

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The general commanding the 25th Division defending Tay Ninh City is staying with his division in the field, making personal visits to his units, and is taking care to rotate his battalions from the front lines periodically. East of Saigon, the 18th Division has been conducting small, but successful, operations to reopen routes 1 and 20.

In the delta, senior officers are apprehensive about a communist attack in strength against Can Tho City and are actively preparing their defenses. Their main concern is to protect the major towns and Route 4, which connects Saigon with its rice supplies.

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EGYPT

In announcing Egypt's official request on Tuesday that the US and the USSR reconvene the Geneva conference, Foreign Minister Fahmi also expressed Cairo's desire that France, the UK, and "at least one" of the nonaligned countries participate. The Cairo press reports that Fahmi recently met with the ambassadors of Yugoslavia and India to discuss a possible role by those countries in negotiations.

President Sadat has frequently expressed a desire to involve one or more European nations in a reconvened Geneva conference. He apparently believes that broader participation will place greater pressures on Israel and might provide a safeguard against what he calls polarization of the superpowers' positions at Geneva.

Sadat fears that participation of only the US and the USSR would immediately lock the conference into two relatively inflexible positions, with the Soviets forced to support the Arabs and the US thereby required to support the Israelis. He wants to ensure that the US plays the role of mediator, not only defender of Israel, and he is equally determined to avoid having Moscow alone speak for the Arabs.

The addition of the other countries Sadat and Fahmi have mentioned would have the undoubted benefit for Egypt of stacking the deck against Israel. The French, the nonaligned countries, and to a lesser extent the British, support the basic tenets of the Arab position. The UK and France are nonetheless far less rigid in their backing of the Arabs than are the Soviets, and Sadat may feel that their presence would prevent polarization and assure the US more room for maneuver in attempting to accommodate Arab as well as Israeli positions.

Whatever Sadat's intentions, the addition of outside participants could complicate rather than facilitate negotiations. This is particularly true of the non-aligned countries, which are unlikely to show any flexibility.

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Both the French and the British, recognizing the potential for complication, have shown some reluctance to be drawn in at an early stage. Neither has been approached officially on attending.

By being first on the list with a formal request for a reopened conference, the Egyptians undoubtedly also hope to steal a march on the Syrians and other Arabs who have disparaged Sadat's reliance solely on US mediation in a bilateral forum and who will be still more suspicious of rumored Egyptian-Israeli interest in reviving the bilateral talks. Immediately after the suspension of Secretary Kissinger's latest attempt at mediation Sadat's stock went up in much of the Arab world, but Egypt's relations with Syria remain at a low point. Although Sadat is making no effort to patch things up, he undoubtedly hopes that an Egyptian call for Geneva will help cool Syrian tempers.

Sadat's continued attempts to maintain a position of some independence from the other Arabs clearly rankles the Syrians. Foreign Minister Khaddam sharply attacked Egypt at the Arab League foreign ministers' meeting early last week, and President Asad and Sadat studiously avoided each other during King Faysal's funeral in Riyadh a few days later. Asad also bypassed Cairo on his way to and from Libya later in the week.

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GREECE

Nearly complete returns from Greece's major cities in last weekend's municipal elections indicate that the urban electorate may lean more strongly toward the center-left parties than parliamentary elections last November suggested. In the first local elections in a decade, candidates in the larger cities backed by the opposition significantly outpolled those with a conservative or nonpartisan image. This occurred despite the fact that the opposition did not work particularly hard to get out the vote or identify the issues.

Although there are many aspects of the election results that are ambiguous, the urban voter apparently rejected Prime Minister Karamanlis' tactic of trying to make the local elections nonpartisan. Supporters of Karamanlis' New Democracy Party appear to have voted without instructions, whereas the leftists voted as a solid bloc.

In Athens and Patras, candidates backed by a coalition of the Center Union/New Forces, Andreas Papandreou's leftist party, and the communists won handily. In Athens, the coalition's candidate won 53 percent of the vote, taking two thirds of the Athens city council for his left-of-center ticket. The opposition failed to win a majority in Greece's second and third largest cities, Thessaloniki and Piraeus, where there will be a runoff election next Sunday. In both these cities the communist or moderate left candidate is leading.

The opposition has been making political capital out of the results in an attempt to challenge the government's overwhelming majority in Parliament. Center Union leader George Mavros has described the results of last November's elections, in which Karamanlis won a top-heavy majority, as "circumstantial."

Although the opposition's success in the municipal elections may be equally circumstantial, it can take heart from the fact that many of its supporters now have jobs and the imbalance against it in Parliament is corrected somewhat by the failure of conservatives to do well in the polls at the local level.

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TURKEY

Prime Minister - designate Suleyman Demirel will present his program to Parliament next Sunday. The opposition, led by former prime minister Ecevit, is waging an intense campaign to defeat him, but Demirel appears to hold a narrow majority.

Ecevit's Republican People's Party, fearing that its popularity has peaked, is apparently pulling out all the stops in an effort to move Turkey toward early elections. A proposal in the national assembly that provides for elections within 60 days was defeated in committee on Monday, but Ecevit is still trying to bring it to the floor for a vote.

Ecevit's party is also trying to exploit weaknesses it perceives in Demirel's coalition. The defection of even three or four deputies would probably be sufficient to deprive Demirel of a majority. Ecevit apparently believes that if Demirel is defeated it would probably lead to parliamentary moves for early elections. The four independent deputies who earlier appeared to be wavering in their support for Demirel now appear to have fallen back into line, but Ecevit's party still thinks it might be able to pry some votes loose from coalition members who are unhappy with the cabinet's composition.

Significant outbreaks of violence in opposition to the formation of the right-of-center government could also work to Ecevit's advantage by prompting some of Demirel's more lukewarm supporters to reconsider. A number of demonstrations have already been held on university campuses, and a student boycott is reported to be under consideration.



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PORTUGAL

The campaign for the constituent assembly election was officially inaugurated yesterday without incident, although there is continuing concern that it may be marred by violence.

The Socialist and Popular Democratic parties kicked off their bids for support with mass rallies just after midnight on April 2. The Communist Party demonstrated its organizational ability by scheduling rallies throughout the country on the first day.

The government has issued stern warnings that agitators who attempt to disrupt the campaign will be dealt with severely. The Revolutionary Council has decreed that anyone convicted of trying to break up political rallies will be subject to up to eight years in prison and a fine.

The election itself has lost much of its meaning, with the Armed Forces Movement determined to remain in power for some time and in a position to dictate provisions of the new constitution. The election will, however, provide the first real opportunity for the public to express its opinion on the direction the Armed Forces Movement has taken since assuming power in April 1974.

Meanwhile, more light was shed on the recently completed visit to Moscow by Labor Minister Costa Martins. On his arrival back in Lisbon, Costa Martins said the Soviets would aid Portugal

In Moscow, the Portuguese ambassador told Ambassador Stoessel that Costa Martins had painted an extremely bleak picture of the Portuguese economy and that Premier Kosygin had then assured him the Soviet Union was prepared to increase its purchases of Portuguese exports.

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The Portuguese ambassador contrasted this Soviet willingness to help with the declining economic support from the West. In fact, the nationalization of Portugal's banks and insurance companies, and promises of more to come, have seriously shaken the confidence of foreign investors. [REDACTED]

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[REDACTED] a West German military attaché in Lisbon says that Bonn will close out aircraft facilities in Portugal because of the deteriorating political situation and that he expects some West German companies to abandon their operations as well. [REDACTED]

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INDONESIA-AUSTRALIA

The prime topic of discussion when President Suharto and Prime Minister Whitlam meet today in Queensland will be the future status of Portuguese Timor.

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Canberra is caught in the middle on the Timor issue and has been talking with both Lisbon and Jakarta in hopes of working out a solution to the problem that would avoid an outright military take-over by Jakarta.

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Suharto doubtless will take a hard line with Whitlam, however, because he believes that a self-governing Timor would become a threat to Indonesia's security. He wants Whitlam to convey Jakarta's concern to Lisbon and to back whatever moves Indonesia takes, including military action.

Suharto's insistence on support from Whitlam could cause serious strain in Australian-Indonesian relations. For domestic political reasons, Whitlam cannot afford the appearance of supporting any Indonesian move that would thwart Timorese rights of self-determination. The

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Australian left has already publicly taken up the cause of the Timorese, and several leftist politicians recently made a much-publicized trip there. An Indonesian military move against Timor would strengthen the hand of those in Whitlam's party who have long opposed the Suharto regime and object to giving it technical and military assistance.

President Suharto would prefer to acquire Timor peacefully, following a Timorese "act of self-determination," but he and his advisers will not balk at military force if that is the only choice. Indonesian officials overseas have been lobbying hard for Jakarta's position in world capitals in order to prevent Indonesian designs on Timor from becoming an international political issue.

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ANGOLA

Neither of the two largest of the three liberation groups that share power with the Portuguese in the transitional government has lived up to the cease-fire agreement they signed on March 28 after five days of intermittent clashes. So far, however, a return to all-out fighting has been avoided.

On Monday, members of the Popular Movement for the Liberation of Angola (MPLA) and partisans of the rival National Front for the Liberation of Angola (FNLA) engaged in sporadic gunfire in Luanda, the capital city. Neither group has released prisoners or reduced its military presence there, nor has any progress been made toward disarming civilians armed by the MPLA. These conditions were basic to the cease-fire agreement.

Disarming the civilians could prove impossible, even if the MPLA were to cooperate, which is not likely. Most civilians would probably hide their weapons rather than give them up. Portuguese army leaders, mindful that their troops from Portugal do not want to take any more risks than they have to in the months before they leave, are trying to remain neutral and are unwilling to assume unilateral responsibility for enforcing the provisions of the agreement. At present, the force under Lisbon's command in Angola numbers about 30,000 men.

Integration of elements of the three liberation groups' armies into a mixed force to be responsible for security in Luanda is slated for completion by April 5; neither MPLA nor FNLA has so far moved to accomplish this goal, nor has the National Union for the Total Independence of Angola (UNITA), the smallest of the three nationalist groups. Troops of the National Union, which is striving for a law-and-order image, supported the efforts made by Portuguese forces to contain last week's fighting.

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Should the fragile truce be further abrogated, as seems likely, Portuguese authorities will probably again attempt to mediate between the contending parties. Meanwhile, both the FNLA and the MPLA can be expected at least to trade insults and sporadic gunfire as each side seeks to improve its political and military position in anticipation of an eventual armed showdown.

FOR THE RECORD

South Korea: The South Korean government expects university students in Seoul to escalate today the size of their campus demonstrations of the past week and to attempt to move into the streets. As in past years, riot police will try to confine demonstrators to the campuses. The activists will demonstrate in support of the reinstatement of certain faculty members and students, but President Pak will be the actual target. If demonstrations persist, the government will probably follow last year's pattern and close down offending schools.

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ANNEX

Likely Political Developments in Vietnam

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The political viability of the present government in South Vietnam has rested heavily on strong US support of President Thieu and his effective resistance to a communist take-over. To most Vietnamese, these conditions no longer exist. As a result, we believe that major political changes will occur in coming weeks and may be imminent; these changes would eventually lead to a settlement on communist terms. If the South Vietnamese military situation is not stabilized, however, Saigon may collapse militarily before arrangements to replace Thieu or to attempt negotiations can materialize.

Thieu's prestige has been irreparably damaged by the military debacle in the northern half of the country, and his effectiveness undermined by a growing sense of inevitable communist victory. Decisive and visible leadership is needed, but Thieu appears isolated from his own government and increasingly suspicious of the loyalty of his senior commanders.

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Thieu's suspicions are understandable; criticism of the President is mounting within the military establishment.

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--Close associates of the President, such as his special assistant for military and security affairs, General Quang, appear deeply pessimistic over Thieu's ability to remain in power.

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--General Truong, the MR 1 commander, is bitter over Thieu's decisions which led to the collapse of his command.

We have no evidence, however, of a concrete move afoot within the military to replace Thieu. The most important point in the President's favor is the absence of any rival strong enough to oust the President and willing to step into his position. But, given the dissatisfaction that now exists within the military, a move to force Thieu's resignation or ouster by an individual or group of military officers could occur at any time. The likelihood of such a move will increase, the longer political indecision continues and military deterioration is unarrested.

There is little agreement within the civilian opposition on a successor to Thieu. Former South Vietnamese leaders, such as Nguyen Cao Ky, Duong Van "Big" Minh, or former premier Pham Huy Quat, do not command enough support to serve as a rallying point. Moderate nationalists--such as labor leader Tran Quoc Buu, Senator Tran Van Lam, and Deputy Prime Minister Pham Quang Dan--who have continued to support Thieu while maintaining a degree of independence, probably hope that a new military successor government would have a place for them. But they are not likely to be prime movers in any immediate change of political leadership in Saigon. The more radical opposition leaders such as the An Quang Buddhists' Thich Tri Quang and the militant Catholic priest Father Thanh could precipitate an early military move if they take to the streets in all-out opposition to Thieu.

Thieu's departure would not in itself necessarily lead to an immediate unraveling of South Vietnamese morale and will to resist. A new military leadership, perhaps with some infusion of civilian opposition elements to broaden its base, might make at least temporary headway in shoring up public confidence and rallying the South Vietnamese armed forces. But in our judgment, such a change of leadership at this time could not reverse the fundamental political and military trends now running against Saigon. Even if the South Vietnamese are successful in rallying their forces and consolidating their immediate military position, the respite will be brief because Hanoi now is deploying overwhelming military force for a coup de grace.

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Given this situation, defeatist sentiment in South Vietnam is bound to snowball. This process is already well under way as refugees and news of successive military reverses trickle south. As a consensus begins to emerge in Saigon that communist victory is in sight, there should be no shortage of individuals eager to protect their personal interests or their various political and religious groups as best they can by participating in a settlement on communist terms. In time, we believe mounting demoralization will lead to military acquiescence in the formation of another government prepared to seek and accept the best terms it can obtain from the communists. In the event of a rapid South Vietnamese military collapse, however, even the possibility of a transitional non-communist administration would disappear.

One by-product of the demoralization process now under way has been a rising level of anti-American feeling. Anti-US feeling already appears to be running high among the military units and refugees escaping from the north. As hope for more US assistance fades, President Thieu or any successor would have little reason to resist the temptation to point to US responsibility for the present situation.

The Communist View

Hanoi almost certainly was surprised by the extent and rapidity of the South Vietnamese military collapse. The tone of its propaganda and the speed with which it has redeployed its forces to take advantage of the South Vietnamese retreat, however, make it apparent that Hanoi now sees victory as certain. Indeed, Hanoi is continuing to move additional elements of its strategic reserve to the South.

Hanoi clearly senses that the possibility of a final psychological and political collapse in the South would allow it to realize its final objectives without the cost of a major assault against Saigon. The communists are offering amnesty to South Vietnamese military and government personnel who join the "revolutionary side." And in an obvious effort to encourage political upheaval in Saigon, the communists have been emphasizing their

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willingness to reopen negotiations. Hanoi is indicating, however, that the cost of peace will be high--Thieu must be removed and a new South Vietnamese government formed that is prepared to accept "national concord and strict application of the Paris Agreement" before negotiations can begin. Furthermore, communist statements make no mention of the coalition government envisioned by the Paris Agreement, but only declare that new negotiations would result "in the speedy settlement of the affairs of South Vietnam."

This terse offer reflects the radically altered strategic situation in Vietnam. Hanoi no longer sees the need for a lengthy intermediate stage of negotiations and coalition rule in the South prior to the achievement of its basic objective--the unification of Vietnam under communist rule. Although North Vietnamese strategy probably still involves the establishment of a transitional southern government, perhaps with token participation by neutralist "third force" elements, it seems fairly clear that Hanoi is now interested in providing only the merest fig leaf for a North Vietnamese take-over in the South.

In the event of such an arrangement, there would undoubtedly be a fairly widespread elimination of key GVN and RVNAF personnel, particularly those who had been closely associated with the US. In addition, many thousands of others would be killed, either by conscious communist policy or by the action of zealous local communist commanders and troops. This prospect would generate massive efforts to escape Vietnam, involving hundreds of thousands of people. Nonetheless, the communists would be faced with the massive problems of trying to reestablish order out of chaos and panic, and they would probably keep some functionaries in place for the task.

Hanoi's shortened timetable in the South has obvious implications for the role of the Viet Cong's Provisional Revolutionary Government. We believe that there has been a basic downgrading of the PRG in North Vietnamese thinking. The North Vietnamese will soon have little incentive to maintain the PRG as a separate political entity.

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We believe Hanoi intends to push its military advantage forcefully, but we are unsure as to the exact timing. We expect sharp communist attacks in the provinces around Saigon and in the delta in the next few weeks and believe that the communists intend to maintain or escalate military pressure. We believe that in a matter of months, if not weeks, Saigon will collapse militarily or a government will be installed that will agree to a settlement on communist terms.

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